

Message Text

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67

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 IO-14 STR-08

DRC-01 NIC-01 NEA-10 ACDA-19 SCEM-02 SCI-06 INT-08

CU-04 /238 W

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R 191345Z DEC 73

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC 5555

C O N F I D E N T I A L PRAGUE 2865 FINAL SECTION OF TWO

6. AS REGARDS GENERAL TRENDS HERE NOT RELATING SPECIFICALLY TO US, FOLLOWING SEEM WORTH NOTING:

(A) HUSAK SEEMS TO RETAIN HIS RELATIVELY FIRM HOLD ON LEADERSHIP. SO FAR AS KNOWN, OFFICIAL RELATIONS WITH MOSCOW CONTINUE TO BE VERY CLOSE, AND IN PARTICULAR CZECHS ARE FULLY IN LINE ON CSCE/MBFR AND MIDDLE EAST (DESPITE PRO-ISRAEL FEELINGS AMONG POPULATION). ON THE OTHER HAND, SOME SOVIET-CZECH TRADE PROBLEMS ARE BEGINNING TO EMERGE IN PUBLIC AND WESTERN SHARE IN CZECHOSLOVAKIA'S FOREIGN TRADE IS EVIDENTLY HEADED FOR SIZABLE INCREASE (PRAGUE 2793).

(B) OVERALL STATE OF CZECHOSLOVAK ECONOMY SEEMS SATISFACTORY, AND LEADERSHIP REMAINS ALERT TO NEED TO TRY TO SATISFY INDIVIDUAL CONSUMER. INDEED, IT IS POSSIBLE THAT "CONSUMERISM" HAS CUT SO HEAVILY INTO INVESTMENT AS TO JEOPARDIZE SOMEWHAT FUTURE OF INDUSTRY, AS EMIGRE OTA SIK HAS RECENTLY CHARGED. PROBLEMS IN HEAVY INDUSTRY SEEM PERHAPS GREATER THIS YEAR THAN LAST, PARTICULARLY IN METAL-LURGY AND ENGINEERING WHERE REGIME HAS JUST DECIDED ON SOVIET-STYLE SOLUTION TO INDUSTRY SHORTCOMING AND CREATED TWO MINISTRIES OUT OF ONE (PRAGUE 2853).

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(C) SIMILARLY ENERGY AND FUEL SHORTFALLS, WHILE NOT

A NEW PHENOMENON, SEEM GREATER THIS WINTER THAN LAST. DEMAND IS RISING FASTER THAN SOVIET FUEL SUPPLIES AND DOMESTIC POWER PRODUCTION. AS REPORTED IN PRAGUE 2745, WE SEE NO INDICATION YET OF CZECHOSLOVAK AGREEMENT TO SOVIET PROPOSALS TO EE'S TO INVEST IN BUILDING UP SOVIET RAW-MATERIAL INDUSTRIES IN ORDER TO INCREASE SOVIET RAW-MATERIAL DELIVERIES. HIGH POSSIBLE COST OF SUCH INVESTMENT ON ONE HAND, AND RAW-MATERIAL SHORTAGES HERE ON THE OTHER, MAY MAKE THIS SIGNIFICANT PROBLEM FOR COMING YEAR.

(D) CULTURAL SCENE CONTINUES AT IMPASSE, WITH MOST REPUTABLE CZECH WRITERS REMAINING OUTSIDE OFFICIAL WRITERS' UNION. INDICATIONS ARE THAT REGIME WISHES TO AVOID FURTHER EXACERBATION; E.G., RUMORED TRIALS OF LIBERAL WRITERS KOHOUT AND VACULIK, OUTSPOKEN IN WESTERN RADIO/TV INTERVIEWS, HAVE NOT TAKEN PLACE. POPULACE CONTINUES ITS DEVOTION TO WESTERN CULTURE AT EVERY LEVEL FROM BLUE JEANS ON UP, AND OPES 1974 MAY BRING FURTHER RELAXATION OF CONTROLS ON TRAVEL TO WEST.

(E) WORTH NOTING, THOUGH RELATIVELY MINOR IN IMPORTANCE, ARE CONTINUING SIGNS OF TENSION BETWEEN CZECHS AND SLOVAKS. BASICALLY, SLOVAKS ARE CONTINUING TO PUSH FOR GREATER SLICE OF POLITICAL-ECONOMIC PIE WHILE CZECHS THINK THEY ALREADY HAVE TOO MUCH.

7. ALL IN ALL, TRENDS HERE SEEM TO PORTEND A NEW YEAR SET WITH SOME DIFFICULTIES BUT NO MAJOR CRISES FOR PRESENT LEADERSHIP. HOW QUESTION OF OUR RELATIONS WITH CZECHOSLOVAKIA SHALL FIT INTO THIS IS LARGELY UP TO US TO SAY. PRESENT OPPORTUNITIES FOR PURSUIT OF OUR POLITICAL, ECONOMIC AND CULTURAL INTERESTS ARE NOTABLY GREATER THAN AT ANY TIME SINCE 1968. ON ECONOMIC SIDE IN PARTICULAR, GIVEN OUR TANTALIZING NEARNESS TO CLAIMS SETTLEMENT AND BURGEONING CZECH INTEREST IN TRADE WITH US, POSSIBILITIES ARE IN SOME WAYS AT LEAST EQUAL TO WHAT WE MIGHT HAVE ENVISAGED UNDER DUBCEK.

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